

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 02337 151549Z

46

ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 EB-03 L-02 FEA-01 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 COME-00 TRSE-00 OMB-01

CIEP-01 SPC-01 PRS-01 SAM-01 DRC-01 /055 W

----- 049292

R 151420Z FEB 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9738

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 2337

LIMDIS

E.O. 11652: GDS

TAGS: ENRG IN

SUBJECT: ENERGY; BUYOUT OF ESSO INDIA - DELAYED - BUT STILL ON.

REF: A) NEW DELHI 1861; B) NEW DELHI 1999; C) BOMBAY 0379 (NOTAL);

D) NEW DELHI 0924

1. ON FEBRUARY 13, ESSO INDIA GENERAL MANAGER ARTHUR NEFF INFORMED CHARGE AND ECON COUNSELOR THAT GOI OFFICIALS HAD TOLD HIM PRESIDENT GIRI REFUSED TO SIGN PRESIDENTIAL ORDER FEBRUARY 12 THAT WOULD HAVE ACQUIRED FOR GOI 74 PERCENT OF ESSO'S ASSETS IN INDIA (REFS A AND B). NEFF SAID THAT, EARLIER, THE FINAL GOI/ESSO AGREEMENT HAD BEEN APPROVED IN ITS ENTIRETY BY HOUSTON AND THE GOI'S CABINET. NO FURTHER DELAYS AHD BEEN FORESEEN. REPORTEDLY, HOWEVER, THE PRDSIDENT WAS OF THE VIEW THAT A GOI PURCHASE OF ESSO'S HOLDINGS BY PRESIDENTIAL ORDER, BETWEEN SESSIONS OF PARLIAMENT, WOULD REFLECT UNFAVORABLY ON INDIA.

2. WE TEMPORARILY WITHHELD THE ABOVE REPORT AT NEFF'S REQUEST. HE SAID HE DID NOT PLAN TO INFORMHOUSTON UNTIL ALL EFFORTS HAD BEEN MADE TO REVERSE THE PRESIDENT'S DECISION, AND ASKED THAT WE HOLD CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 02337 151549Z

OUR INFORMATION IN ABEYANCE AS WELL IN THE HOPE THAT THE INITIAL

DELAY COULD MERELY BE TREATED AS AN INERIM FALSE ALARM.

3. LATE FEBRUARY 14, NEFF INFORMED CONGEN BOMBAY THAT A LONG SESSION AT THE MINISTRY OF LAW FEBRUARY 1* ULTIMATELY PROVED TO BE "FRUITLESS" AND THAT GOI NOW INTENDS TO INTRODUCE BILL IN PARLIAMENT FEBRUARY 21. PLAN WILL BE TO ATTEMPT TO COMPLETE DEBATE ON THIS ISSUE BY FEBRUARY 25, OR BEFORE BUDGET DISCUSSIONS BEGIN. NEFF FEELS, HOWEVER, THAT DEBAT COULD "TRIGGER CONSIDERABLE FIREWORKS." IF SO, PASSAGE OF BILL COULD BE DELAYED FOR SEVERAL MONTHS, WITH FURTHER POSSIBILITIES THAT DEAL MAY IN THE LONG RUN FALL THROUGH. HE SEEMED TO FEEL THAT LONG DRAWN OUT DISCUSSIONS AND SUBSEQUENT DELAYS MIGHT RAISE QUESTION OF PAYMENT IN FOREIGN EXCHANGE, WITH GOI'S SHORTAGE OF FOREIGN EXCHANGE BECOMING THE KEY QUESTION.

4. ON THE BRIGHTER SIDE, NEFF SAID THAT CONCERNED GOI OFFICIALS ARE CURRENTLY OPTIMISTIC. PETROLEUM MINISTRY SECRETARY P.K. DAVE, REPORTEDLY TOLD NEFF THAT THE PRIME MINISTER IS INTERESTED IN SEEING THE BILL PASS QUICKLY AND WOULD "CALL OUT A WHIP" IF NECESSARY TO FORCE A FAVORABLE VOTE. DAVE ALSO REMINED NEFF THAT PRESS SUPPORT WOULD HELP THE BILL THROUGH PARLIAMENT. (NEFF AGREED THAT THE PRESS HAS SUPPORTED THE PROPOSAL THUS FAR, THOUGH "PRESUMABLY IT HAS NOT KNOWN THE TERMS.") (FYI: ON FEBRUARY 15, THE FINANCIAL EXPRESS STATED IN A BRIEF, LOW KEY, ARTICLE THAT THE GOVERNMENT PLANS TO INTRODUCE A BILL IN PARLIAMENT AS CITED ABOVE. THE GOI WAS GIVEN CREDIT FOR ITS "DECISION TO SEEK PARLIAMENTARY APPROVAL INSTEAD OF ISSUING AN ORDINANCE" BETWEEN SESSIONS OF PARLIAMENT. THE PRESENT OF INDIA WAS NOT MENTIONED. THIS IS THE FIRST TIME THE PRESS HAS DEALT WITH THE ESSO/GOI EQUITY SHARE SALE/ PURCHASE SUBJECT SINCE THE GOVERNMENT ANNOUNCED THAT AN AGREEMENT HAD BEEN REACHED JANUARY 18 (REF D). MORE DETAILED REPORTS MAY NOW BE EXPECTED TO FOLLOW, AND IN A MANNER TIMED TO BEST MEET THE GOI'S ANTICIPATED NEEDS. END FYI)

5. WHILE NEFF CONCURS WITH DAVE, AND OTHERS, THAT PARLIAMENT CAN PUSH THE BILL THROUGH RAPIDLY IF IT IS MOTIVATED TO DO SO, HE REMAINS APPREHENSIVE IN THIS REGARD. HE REITERATED TO CONGEN BOMBAY THAT HE IS AFRAID THAT THE WHOLE DEAL MAY "BECOME UNSTUCK" IF PARLIAMENT DOES NOT GIVE THE BILL ITS APPROVAL BEFORE THE BUDGET IS INTRODUCED.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 02337 151549Z

6. NEFF CONTINUES TO ASK THAT ALL OF THE ABOVE INFORMATION BE TIGHTLY HELD.
SCHNEIDER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, AGREEMENTS, PROCUREMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 15 FEB 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE02337
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740229/aaaabbbp.tel
Line Count: 110
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: A) NEW DELHI 1861; B) NEW DELHI 1999, ; C) BOMBAY 0379 (NOTAL);
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by worrelsw>; APPROVED <16 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: BUYOUT OF ESSO INDIA - DELAYED - BUT STILL ON.
TAGS: ENRG, IN, ESSO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005